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UNCLAS MANILA 005929

SIPDIS

STATE FOR EAP/EP, EB/TPP/ABT, EB/TPP/BTA/ANA, OES/OMC  
STATE PASS USTR FOR BWEISEL, DKATZ, RVARGO  
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USDA FOR MANIS, AUTRY, SHEIKH  
TREASURY FOR OASIA FOR AJEWELL  
USDOC FOR 4430/ITA/MAC/DBISBEE

E.O. 12958: N/A

TAGS: [EAGR](#) [EAID](#) [PREL](#) [PGOV](#) [ECON](#) [RP](#) [WTRO](#)

SUBJECT: INDONESIA ALLOWS ONE-YEAR TRANSITION TO REFLAG  
PHILIPPINE TUNA VESSELS

REF: MANILA 5344

During November 24-25 negotiations in Jakarta, the Government of Indonesia declined to renew its bilateral fishing agreement with the Philippines but agreed to allow Philippine vessels to use Indonesian waters during a one-year transition period ending on December 2, 2006. According to USAID Fisheries Advisor Stanley Swerdloff, who attended the negotiations, Indonesia maintained its requirement (reported in reftel) that Philippine vessels reflag under Indonesia in order to continue fishing in Indonesian waters. Philippine tuna industry representatives remain deeply concerned that this requirement could severely damage the Philippine tuna industry by forcing Philippine vessels to land most of their tuna catch in Indonesia. The \$400 million-per-year Philippine tuna industry is vital to the economy of Southern and Western Mindanao.

Swerdloff reported that representatives of the Philippine tuna industry and the Bureau of Fisheries and Aquatic Resources (BFAR) briefed President Arroyo after the talks and asked her to press President Yudhoyono to exempt Philippine vessels from Indonesia's reflagging requirement. Arroyo later enlisted former Philippine Army Chief General Efren Abu, a personal friend of President Yudhoyono, to help lobby for a new tuna pact. Arroyo appointed General Abu as Special Representative to the Brunei Darussalam, Indonesia, Malaysia, Philippines - East ASEAN Growth Area (BIMP-EAGA), in part to promote Philippine fishing interests under the BIMP-EAGA framework.

JONES